

The federal budget should be a statement of our nation's values that reflects the priorities of the American people: good jobs, safe communities, quality education, and access to health care. In recent years, however, Republican budget proposals have conflicted with these priorities and sent our nation into deeper and deeper debt.

When President Bush assumed office in 2001, he inherited a projected ten-year budget surplus of \$5.6 trillion. Unfortunately, this opportunity to make key investments in America's future was squandered, leaving President Obama with the worst budget deficit in our nation's history and an economic recession of a magnitude not seen since the Great Depression. The Obama Administration inherited an economy in recession after years of neglected oversight and careless deregulation of the financial markets, and as expected the top priority for the Administration and Congress is our economic recovery.

Fiscal Year 2010 Budget

On May 7 th, 2009, President Obama submitted his detailed budget proposal for fiscal year 2010 (FY10) that addressed these missed opportunities and emphasized economic recovery, strategic investments, and fiscal responsibility. The President's budget reflects the [American Recovery and Reinvestment Act](#), which was enacted in early 2009, and includes tax relief for middle-income families, job creation through investments in infrastructure and other projects, and extension of unemployment benefits for millions of Americans. The budget also includes additional provisions to stabilize the housing market, unfreeze the credit markets, and increase demand in the economy

President Obama also recognized the need to invest in our future with strong budgetary commitments to our [energy independence](#), [healthcare reform](#), and [education](#). Key investments in these needy areas will return profound advancements to our economy and wellbeing.

Despite these urgent needs, the President was still careful to craft a budget that will restore fiscal responsibility. The budget is projected to reduce the deficit by two-thirds within four years,

and thus will slow down the growth of the nation's debt. In conjunction, President Obama has pledged to examine every line of the budget to identify ineffective programs for elimination. His administration has already identified 121 programs that he proposes to eliminate or reduce, for an estimated savings of \$17 billion for FY10.

When Democrats regained control of the House of Representatives in 2007, we adopted a Pay-As-You-Go (PAYGO) budgeting rule. This rule forces all legislation in the House that increases mandatory spending or decreases tax receipts to be offset with a revenue increase or spending cut elsewhere. PAYGO rules played a large part in the budget discipline enjoyed during the Clinton Administration, which provided the projected ten year budget surplus that was squandered by the Bush Administration and Congressional Republicans who abandoned PAYGO rules in 2002. President Obama has proposed to renew a statutory PAYGO rule for Congress and federal actions.

You can find more detailed information in the [President's FY2010 Budget Request](#) and how it directly affects the state of [California](#).